

R 231604Z DEC 08
FM AMCONSUL ST PETERSBURG
TO SECSTATE WASHDC 2654
INFO AMEMBASSY MOSCOW
AMCONSUL ST PETERSBURG
AMCONSUL VLADIVOSTOK
AMCONSUL YEKATERINBURG
AMEMBASSY HELSINKI
AMEMBASSY OSLO

UNCLAS ST PETERSBURG 000197

E.O. 12958: N/A
TAGS: RS PGOV ECON EINV EIND EPET EWWT PHUM OPRC
SUBJECT: MURMANSK - PROSPERING, BUT WITH PROBLEMS

¶11. (SBU) During a December 17-18 visit to Murmansk, DPO and Poloff saw a city relatively unscathed by the world economic crisis, and in fact saw a city hoping to capitalize on opportunities arising from the crisis and building on its recent economic growth. However, despite the apparent prosperity, there are definite undertones of a heavy-handed government stifling dissent and giving favorable treatment to well-connected companies and persons. Also, the Russian media's unrelentingly negative depiction of the United States, especially with respect to differences over Georgia and South Ossetia, have evidently borne fruit in the hearts and minds of the city's youth.

Economy Doing Nicely, Government Programs Proceeding Apace

¶12. (SBU) The oblast government is proud of its role in attracting foreign business to the oblast as well as improving various quality-of-life-factors for the population such as increased personal incomes and enhanced environmental protections. One obvious point of civic pride was Prime Minister Putin's December 8, 2008 decree regarding the future of the Murmansk transportation hub on both sides of the Kola Bay. This public/private project is expected to generate up to US\$11 billion in port and land-based infrastructural improvements. The government is also pleased with the city's demographic turnaround. The massive population losses of previous years have been slowed, and the oblast's population has stabilized. In fact, it appears Murmansk is now a net importer of migrants from other parts of Russia, as its vibrant economy, current low unemployment rate, and growing personal incomes (projected to grow by 14% in the next year to US\$500 monthly) have proven very attractive.

¶13. (SBU) The government is acting proactively to head off ill-effects from the world economic crisis, by having set up an anti-crisis monitoring group which will keep tabs on regional business activity, unemployment, and the inflation rate. Development of the important natural gas reserves in the offshore Shtokman shelf have not yet been officially delayed (2013 is still the projected production start date), and the 10,000 jobs it is expected to generate should more than offset any crisis-related job losses. The government has also assured the population that the crisis will not cause any reduction in social spending.

¶14. (SBU) The local government boasts an aggressive plan to improve the quality of the environment and health of the people. The oblast's main programs in this area are to implement clean water and air regulations, improve the quality of the drinking water supply by switching to underground sources; modernizing the city's waste treatment and management program; and proper disposal of radioactive waste. The oblast's environmental improvement efforts have already had some success, as some locally produced products (like reindeer meat) now qualify for and receive European Union certificates of quality, and thus command premium prices in the international marketplace.

Government Mischief

¶5. (SBU) Though economic development has been proceeding nicely in Murmansk, civil society has often had to cede to the bulldozers of progress. A prime example of this is the controversial construction of a hypermarket downtown. The new building is being built in an area not previously zoned for retail space, and civic activists have protested its location by claiming it would cause an excessive amount of traffic in a residential area, infringes upon green, open space, and would not be aesthetically pleasing. As part of the rezoning process, a public hearing was held in which residents had the opportunity to express their views. Activists opposed to the rezoning claim the large majority of meeting attendees were opposed to the rezoning. But, the chairman of the meeting, a local government official, arbitrarily limited voting to those who were located in the first few rows of the meeting hall - rows in which the seats had been reserved for supporters of the zoning change. The outcome was a foregone conclusion.

¶6. (SBU) After fixing the public hearing, the next hurdle to overcome in building the hypermarket was to obtain approval of the environmental impact study. The builder's designs were submitted to the local governmental environmental committee for approval, but the project was disapproved citing excessive environmental degradation. Trying again, the builders submitted the same papers to the same committee, but received the same disapproval. But, third time being the charm, upon submission of the same papers to the same committee the third time, the appropriate approval to commence with the building was received with no explanation given as to the reasons for the change in verdict. So in spite of widespread opposition, the market is going up. Our contacts in Murmansk stated this series of events and others like it have greatly increased political disaffection amongst the population, who are becoming convinced of the futility of social activism.

¶7. (SBU) The local authorities also seem to have been cracking down on foreign NGO activists, using the ambiguity surrounding what sort of visas visiting foreigners must obtain in order to attend meetings or assist with NGO work. The most recent example of this cracking down process was an incident this past summer wherein twelve Scandinavians joined in on a Russian NGO's activities to pressure the government into declaring the Khibiny mountains, in the center of the Kola peninsula, a protected area. The twelve were arrested for violating visa rules because they had entered Russia on tourist visas, but were accused of conducting business activities. The twelve were roughly interrogated overnight, fined, and expelled from the country. Interestingly, the activists later appealed to the court system to overturn their expulsion orders - and won. However, despite this court ruling, the authorities seem to be intent on harassing "undesirable" foreigners based on visa regulations. In November of this year, two Scandinavian reporters, who were attending a human rights conference in Murmansk, were detained and expelled from Russia for visa violations. In this case, though, it doesn't seem the authorities had their cover story quite straight, as one of the reporters entered Russia with a tourist, but the other had entered with a business visa, so it is unclear exactly what supposed violation of the visa regulations the reporters ostensibly committed. Both reporters are planning to appeal their expulsion orders.

Lapps Struggling to Save Culture

¶8. (SBU) Our visit to Murmansk came just two days after the Kola peninsula Lapps held the first congress in post-Soviet history. Though it took place in out of the way Olenegorsk, the seventy four attendees voted to create their own parliament, along the lines of the Norwegian and Finnish Lapp model, which would help them maintain their cultural integrity. But, this will be an uphill fight, as there are only 2,000 Kola Lapps left in Murmansk Oblast, with the majority living in the remote town of Lovozero. Throughout the entire oblast, only one boarding school in Lovozero instructs children in their native Lapp language. Additionally, the oblast administration does not appear willing to give more than lip-service to the idea of supporting Lapp culture - much less Lappish autonomy - as indicated by the its recent downgrade of the Committee on

Northern Peoples (created in 1992) into an amorphous and inefficient Oblast Enterprise.

Students Desire Better U.S./Russia Relations, but Lack Understanding of Real Differences

19. (SBU) DPO and Poloff spoke with two dozen English-speaking international affairs university students and professors at one of the city's major universities. In addition to the normal interest in U.S. work/study exchange programs, the attendees also showed a keen interest in how the United States perceived Russia, and especially whether or not the U.S. believed it could work together with Russia as a partner. They also expressed interest in the American Presidential transition, and how President Bush's foreign policy legacy will be perceived. The general tenor of the meeting showed they were optimistic the new Obama administration will be more cooperative and friendly towards Russia.

10. (SBU) However, it was also evident the students' optimism was not based on any grounded understanding of actual potential U.S. policy changes so much as on non-specific hopes for an improved future. In fact, it is possible they will be disillusioned with future U.S. foreign policy advances, given their lack of understanding of true American motives. For example the attendees were nearly unanimous in proclaiming that the proposed Poland and Czech Republic based missile defense system does in fact present a clear threat to Russia. Also, the Russian government line regarding its rationale for intervening in South Ossetia - that it had to act to prevent "genocide" - appeared to have been widely accepted.

Comment

11. (SBU) The city and oblast of Murmansk seem to be doing well economically, and it was encouraging to note that the benefits of economic growth do seem to be trickling down. However, the stories of government intransigence and heavy-handedness, in its dealings with local activists, foreign NGO workers, and the indigenous Lapps indicate that the relative economic prosperity has not translated into political and social freedoms. The need for intensified U.S. public diplomacy and outreach efforts is also evident, given how well-educated university students, capable of thinking for themselves and having free access to information (including foreign and English-language press), were more than willing to believe the worst about the United States, and inclined to the groupthink they are fed on a daily basis by the mass media. The Murmansk region may be growing economically, but growth in the social and political spheres and in understanding and tolerance of others is still lacking.

GWALTNEY